

FISCAL NOTE

HB 1643 - SB 1753

March 12, 1997

SUMMARY OF BILL: Amends the retirement law by allowing members to retire with unreduced benefits upon completing only 25 years of public service. A member with only 25 years of creditable service may be given up to 60 months of additional service credit upon the member paying employee contributions for the months claimed base on a contribution rate of 9%.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$25,000,000--\$138,000,000 Annual Amortized Cost
Increase Local Govt. Expenditures* - \$5,600,000--\$29,400,000 Annual Amortized Cost

\$8,800,000--\$26,100,000/Permissive Annual Amortized Cost

Other Fiscal Impact - Increase Federal/Other Expenditures - \$4,000,000--\$23,000,000 Annual Amortized Cost

Estimate assumes:

- Total lump sum liability to state government of \$328,000,000--\$798,000,000
- Total lump sum liability for local government employees of \$81,000,000 -- \$147,000,000 which is optional
- Annual amortized cost assumes a 20-year amortization of the lump sum liability
- K-12 teachers assumes a 70%-30% ratio between state and local funding
- The lower liability estimate assumes no change in the age-at-retirement pattern while the upper end range assumes a significant change in the retirement pattern
- Any additional liability per year of service established will increase the lump sum liability and depends upon the amount of actual service established

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director